

## IDC MarketScape

# IDC MarketScape: Worldwide Analytics for Business Operations Services 2019 Vendor Assessment

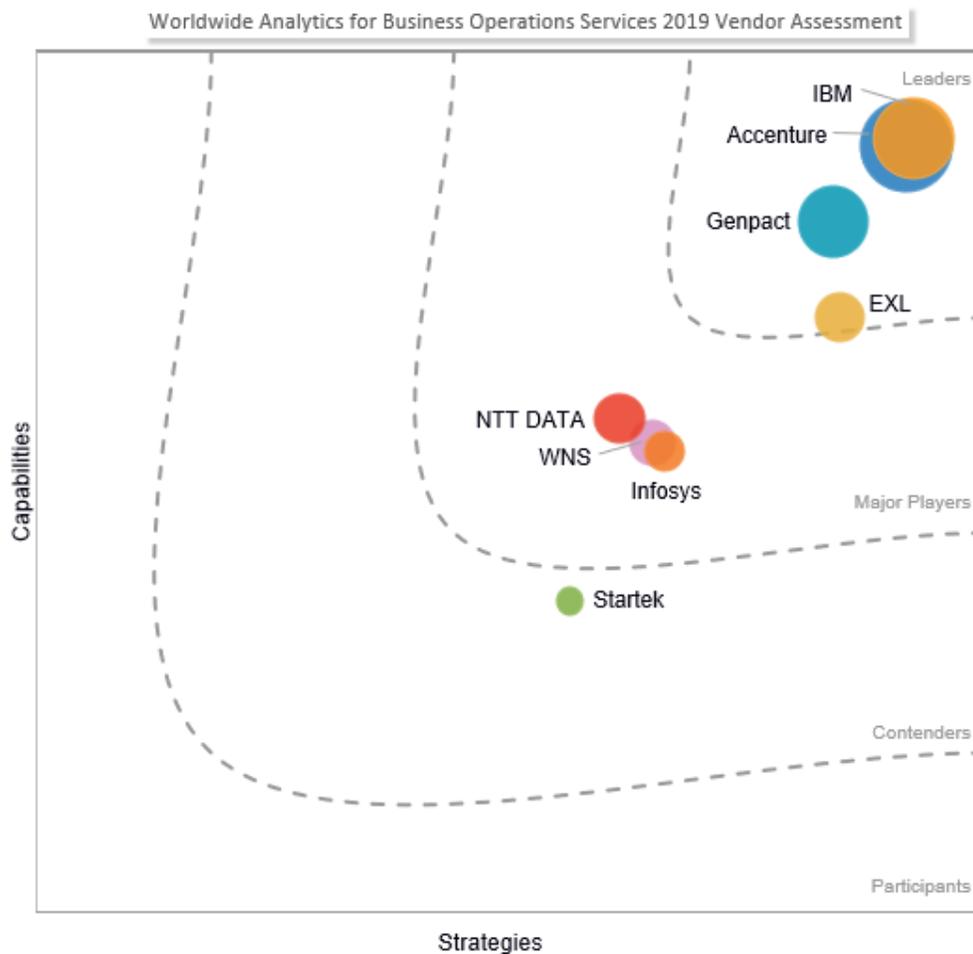
Alison Close

THIS IDC MARKETSCAPE EXCERPT FEATURES IBM

### IDC MARKETSCAPE FIGURE

FIGURE 1

## IDC MarketScape Worldwide Analytics for Business Operations Services Vendor Assessment



Source: IDC, 2019

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

## IN THIS EXCERPT

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The content for this excerpt was taken directly from IDC MarketScape: Worldwide Analytics for Business Operations Services 2019 Vendor Assessment (Doc # US44118519). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

## IDC OPINION

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This IDC vendor assessment evaluates worldwide analytics for business operations services as of the calendar year 2018. This includes services that are bundled or sold along with a long-term outsourcing engagement or sold discretely as a long-term outsourced analytics engagement. This assessment looks at both quantitative and qualitative characteristics that define success in the analytics services market. This IDC MarketScape evaluation is based on a comprehensive and rigorous framework that assesses each vendor relative to the criteria and to one another. The framework highlights the factors expected to be the most influential for success in the market in both the short term and the long term.

For the 2018 calendar year, customer challenges remain fairly unchanged. Data exists in silos, systems don't speak to each other, and data management and quality are still critical – potentially the most critical. Customers still struggle to create "a single version of the truth" of data existing in their enterprise and are looking to operationalize insights and invest in new transformational initiatives in a way that is fully integrated.

Buyers of analytics services for business operations have leveraged service providers for a range of needs from master data management, reporting, and staff augmentation to more advanced analytics and intelligent operations, such as IoT predictive analytics. The spectrum is quite broad in terms of the services consumed; however, one theme that rings true with buyers' sentiments, as stated by one customer, is "my provider should tell me why, what now, and what next." Buyers need service providers that can deliver innovation for their solution by recommending technologies and delivery methodologies or tools and also turn data into insights in a way that drives value for the business. Accordingly, business analytics (BA) business process outsourcing (BPO) service providers have responded with ongoing investments in the full stack of analytics services in addition to partnerships that bring in cutting-edge solutions and new talent. Components of artificial intelligence (AI) including machine learning (ML) and natural language processing (NLP) are still being embedded into service delivery for smart data discovery and process mining, and we'll continue to see AI penetrate the enterprise in pockets going forward. The challenge for providers will be keeping costs competitive while also driving innovation.

## IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

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This vendor evaluation includes a quantitative and qualitative analysis of eight business analytics service providers. The evaluation is designed to understand the specific elements of the service providers' current capabilities and future strategies including breadth of offerings, business capabilities, go-to-market strategy, and future business investments and strategies.

For this evaluation, the inclusion criteria are as follows:

- Practice size of 300 resources (worldwide) over the last calendar year
- Geographic delivery capabilities across at least two of the following: the Americas, EMEA, and Asia/Pacific regions (i.e., onsite, offshore, and nearshore delivery models)
- 10% of resources belonging to the business analytics outsourcing services practice
- Business analytics BPO/outsourcing service revenue generated from each major geographic region (i.e., Americas, EMEA, and Asia/Pacific)

## ADVICE FOR TECHNOLOGY BUYERS

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The following are key considerations for those evaluating business analytics services that are long-term outsourcing engagements and either bundled with BPO services or sold as discrete long-term outsourcing engagements:

- Service providers should have deep knowledge of your industry and provide industry benchmarking and comparative insights. As noted by clients, deep industry/vertical skills and understanding the client's business and objectives have consistently been rated as top contributing factors to successful relationships.
- Clients consistently noted that a provider's ability to deliver innovation for their solution and communicate the value of services/solutions and delivery methodologies/tools that they're currently not consuming are of utmost importance. This especially holds true for intelligent automation/AI/robotic process automation (RPA) capabilities. The path to prescriptive analytics is a journey and enterprises need help defining the value and opportunities for AI – being realistic about when value will be realized and mapping out how they can be implemented over time.
- There is a continued focus on AI and cognitive platforms, as well as industry-specific applications, aimed to help businesses mine and analyze massive amounts of unstructured data to derive actionable insights paving the way for more commercial use cases of analytics. Cloud-based platforms should be considered for service delivery as they are cost effective, can improve service deliverability, requires limited up-front costs in terms of capital investment, and allows for greater flexibility, alleviating some of the risks related to large-scale/long-term contracts.

## VENDOR SUMMARY PROFILES

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This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

### IBM

IBM is positioned in the Leaders category in the 2019 IDC MarketScape for analytics in business operations services.

Since the last IDC MarketScape for worldwide business analytics BPO services, IBM has advanced business process transformation by driving business outcomes, creating a cognitive enterprise for clients, and increasing speed to insight with flexible, fit-for-purpose delivery models. Leveraging its

Cognitive Garage model, IBM develops, tests, and deploys enterprise-grade analytics solutions to successfully address specific company challenges. This is a joint investment with clients to iterate, brainstorm, drive innovation, and automate and scale capabilities across the enterprise. Similarly, IBM's cognitive analytics marketplace offers industrialized, pre-built, reusable cognitive assets that again have been created to address specific company challenges and industry pain points. IBM's cognitive assets include but aren't limited to payment terms optimization, spend analytics, collection analytics, dispute analytics, and order management analytics. Watson is also infused into these assets with solutions such as Watson Translator, Watson Agent Assist, Watson Perfect Order Assist (order management), and Watson for O2C Collections.

## **Strengths**

From a financial perspective, IBM achieved strong growth over the past three years for BA BPO/outsourcing services. IBM's strengths in delivering analytics services for BPO engagements lies in its horizontal expertise as IBM surpassed the average number of deals bundled with finance and accounting and procurement.

IBM delivered strong ratings for its delivery models by leveraging a "right" shore model to cater to client needs, including landed, nearshore, and offshore support capabilities, as well as domestic resources to provide the best mix of resources and skills for clients. From a functionality and offering perspective, IBM received high marks for BA BPO/outsourcing services that involve an array of analytics expertise from finance/enterprise analytics, customer analytics, and sales/marketing analytics to talent, procurement, and IoT analytics.

IBM also earned high marks for BA BPO/outsourcing deals that embed robotic process automation, AI, and cognitive capabilities and for delivery-as-a-service via proprietary analytics platforms.

Client feedback indicates an overall high customer satisfaction rating for IBM's ability to deliver on business outcomes and SLAs, optimize resources, deliver innovation proactively, and bring in deep industry knowledge and benchmarking. One client noted, "IBM had us up and running in two weeks. It suggested a methodology, adapted to our definitions, and brought in the necessary tools." Another client stressed IBM's competencies in day-to-day support and communications stating, "Customer support and service is great. They are always available and want us to be successful. We have a personal relationship with them. They're not just a vendor." Further, a client stated, "They are doing cutting-edge work for us that has not only increased our operational safety and security but brings us credibility and bragging rights within our organization."

## **Challenges**

One area IBM could invest more in is analytics services for business operations in the life sciences, travel/transportation, and manufacturing verticals.

## **APPENDIX**

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### **Reading an IDC MarketScape Graph**

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the

company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

## IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

### *Client Reference Telephone Interviews*

As part of the evaluation, and as a required element of the IDC MarketScape research process, vendors were asked to provide customer references that could offer quantitative and qualitative insights into the performance of their chosen vendor. From approximately February through May 2019, one-on-one telephone interviews were conducted to gauge clients on vendor selection criteria, vendor strengths/weaknesses, ratings of analytics capabilities, and ability to deliver on business outcomes and drive tangible results. Owing to the small sample size of clients, insights obtained from the interviews should only be used directionally.

## Market Definition

### *Analytics*

Analytics are various performance metrics related to the business performance of any enterprise that assist managers in reviewing and analyzing the effective functioning of various components of their business. A specific analytic measurement enables the manager to identify gaps in the performance and implement corrective measures, if necessary.

In some cases, an analytic measurement is not just a single metric but a combination of various metrics. It can also be described as a metric that cannot be measured directly but by a combination of various metrics. These metrics provide a much better measurement of performance than individual metrics. Examples of performance metrics and their components include:

- **Customer satisfaction:** A function of the number of customer complaints for a product, product recalls, current demand, future order pipeline, and so forth
- **Financial performance:** A function of the profitability of the business unit/organization, accounts payable, accounts receivable, future order pipeline, and so forth

- **Quality of a product:** A function of the number of customer complaints, defects, product recalls, and product updates

### ***Business Analytics Services***

Business analytics services are formalized services – including planning and design, development, customization, implementation, maintenance, training, and support – provided to help clients deploy effective decision support and statutory reporting solutions.

Business analytics projects include services delivered to deploy software, such as:

- **Data warehouse platform:**
  - **Data warehouse generation:** Extraction, transformation, and the loading of data from disparate data sources, including data quality management
  - **Data warehouse management:** Database administration, data model design, metadata management, security, and user rights management
- **Performance management applications and tools:**
  - **Business intelligence tools (including query/reporting/analysis and advanced analytics):** Report development, query tuning, dashboard design, statistical modeling, and data mining
- **Prepackaged analytic applications:** Key performance indicator development, workflow management, business process evaluation, and application customization

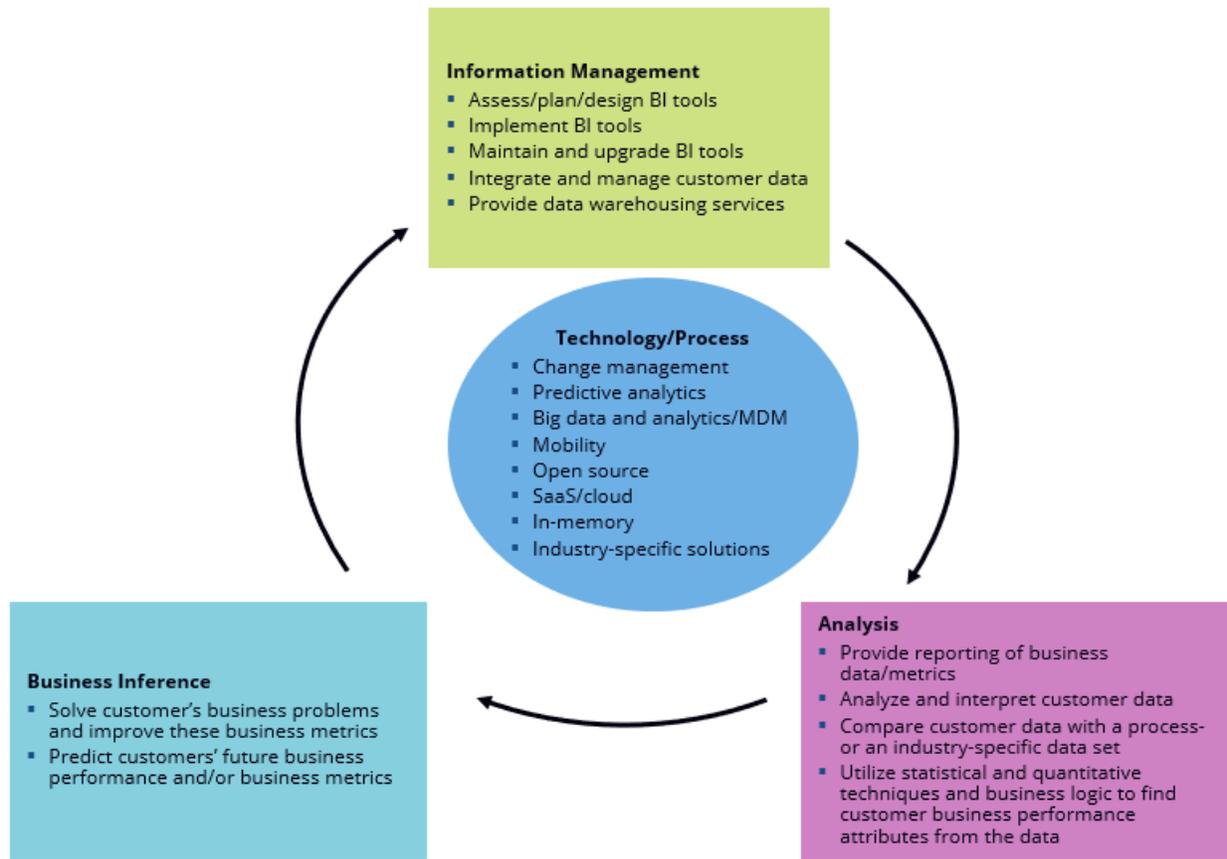
### ***Business Analytics Services Value Chain***

IDC believes the business analytics services value chain is made up of three pillars or areas: information management, analysis, and business inference. At the same time, a certain set of processes and technologies need to be delivered across these three areas. IDC believes that the coupling of these processes and technologies with the previously mentioned areas defines the complete value chain of business analytics services (see Figure 2). For a detailed definition of the business analytics services illustrated in Figure 2, see *IDC's Worldwide Services Taxonomy, 2019* (IDC #US44916019, March 2019).

This IDC MarketScape provides vendor assessment with regard to the advisory, assessment, plan, design, and build phases of the business analytics services value chain.

**FIGURE 2**

**Business Analytics Services Value Chain**



Source: IDC, 2019

**Business Process Outsourcing**

Business process outsourcing involves the transfer of management and execution of one or more complete business activities, business processes, or entire business functions by a customer to an external (third-party) service provider or an outsourcer.

The BPO vendor is part of the decision-making structure surrounding the outsourced process or functional area, and performance metrics are primarily tied to customer service and strategic business value. Strategic business value is recognized through such results as increased productivity, new business opportunities, new revenue generation, cost reduction, business transformation, and the improvement of shareholders' value.

BPO contracts may involve the transfer of fixed assets and personnel from the customer to the service provider. BPO may also involve the use of a provider's own technology environment (or platform) from which the business process services are provisioned. Contract terms for business outsourcing engagements may range anywhere from one year to more than 10 years.

A BPO engagement can include an entire corporate function (such as HR, procurement, or logistics) or discrete segments/activities within business functions (such as benefits administration, strategic sourcing, or warehousing). Business process outsourcing services focus on business processes across functional areas and service segments.

As defined by IDC, the business process outsourcing services market is segmented into three basic market categories: key horizontal business process outsourcing services, "other" horizontal business process outsourcing services, and vertical business process outsourcing services.

## LEARN MORE

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### Related Research

- *TCS: Putting Innovation at Center Stage* (IDC #US45214119, June 2019)
- *Third-Party Logistics Providers Invest in Proprietary Digital Freight Platforms: Considerations for Platform Service Delivery* (IDC #US44650819, June 2019)
- *Is Amazon Becoming a 3PL? Amazon Continues to Invest in Logistics Network with Beta Launch of Freight Brokerage Service* (IDC #US45119619, June 2019)
- *Worldwide and U.S. Business Process Outsourcing Services Forecast, 2019-2023* (IDC #US43778119, April 2019)
- *Worldwide and U.S. Logistics Business Process Outsourcing Services Forecast, 2019-2023* (IDC #US43250718, April 2019)
- *SMC<sup>3</sup> Jump Start 2019: Global Supply Chain Leaders Discuss Artificial Intelligence, Supply Chain Visibility, and the Impact of Regulations at Industry Conference* (IDC #US44887119, March 2019)

### Synopsis

This IDC study presents a vendor assessment of analytics services for digital business operations through the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in the ecosystem. This IDC MarketScape covers a variety of vendors participating in the space. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and to one another and highlights the factors expected to be the most influential for success in the market during both the short term and the long term.

"While data management, ingestion, and governance are still inherently important, buyers of analytics services are looking to understand and adopt intelligent automation capabilities that can bring in new efficiencies and improved processes. Providers will need to invest in platforms, partnerships, and IP to bring more intelligent solutions to the playing field, which will also require a revamping of the skill sets needed to support these initiatives," says Alison Close, research manager of Digital Business Operations and Analytics Services.

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

## Global Headquarters

5 Speen Street  
Framingham, MA 01701  
USA  
508.872.8200  
Twitter: @IDC  
idc-community.com  
www.idc.com

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